

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 2467-01
BILL NO.: HB 1343
SUBJECT: Revenue Department; Taxation and Revenue - General.
TYPE: Original
DATE: February 4, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue	(\$1,320,170)	(\$1,631,730)	(\$1,680,681)
Total Estimated Net Effect on <u>All</u> State Funds	(\$1,320,170)	(\$1,631,730)	(\$1,680,681)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses

This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Revenue (DOR)** state this proposal would require them to include a return postage paid envelope with any notice of adjustment or other form asserting taxpayer liability. It also requires the Department of Revenue to provide a list of both a toll-free fax number and a toll-free phone number on the notice or form mailed to the taxpayer.

ADMINISTRATIVE IMPACT:

The DOR currently generates an estimated 1,271,675 individual and business tax notices to taxpayers. Requiring a return postage envelope in these mailings would incur the following costs:

- The weight of the notice mailed will increase to exceed one ounce, which creates an additional .22 cents postage cost for each notice mailed by the Department. This increase in postage will cost \$279,769.
- The printing appropriation will increase .03 cents per envelope, a cost of \$38,150.
- The additional postage cost for the return postage envelopes will be \$579,884. The Department assumes 80 percent of these envelopes will be returned.

The Department currently has four telephone numbers for the purpose of answering billing questions, with fifty incoming telephone lines answering these calls. If these numbers were changed to toll-free numbers, the Department estimates the cost for each phone call would be .11 cents per minute. Therefore, the Department estimates the cost for each telephone line an employee answers would be \$13,728. With fifty phone lines currently in place, the Department will need an additional \$686,400 in appropriations to cover these costs.

Officials from the **State Tax Commission** assumed this proposal would not fiscally impact their agency.

Oversight assumes adjustments to tax forms and correspondence listing the new toll-free telephone and fax numbers could be completed with existing resources within the DOR.

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
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GENERAL REVENUE FUND

Cost - Department of Revenue

Postage Costs	(\$716,378)	(\$885,443)	(\$912,006)
Printing Costs	(\$31,792)	(\$39,295)	(\$40,473)
Telephone Costs	(\$572,000)	(\$706,992)	(\$728,202)

**ESTIMATED NET EFFECT ON
GENERAL REVENUE FUND**

(\$1,320,170) (\$1,631,730) (\$1,680,681)

<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
	\$0	\$0	\$0

FISCAL IMPACT - Small Business

Small businesses would be impacted as a result of this proposal to the extent it would be less expensive to communicate with the Department of Revenue.

DESCRIPTION

This proposal requires the Department of Revenue to provide a toll-free fax and telephone number and a return postage paid envelope to assist any taxpayer to respond to any notice of adjustment or other form delivered by the department to the taxpayer that asserts the taxpayer's liability. The proposal also requires the toll-free numbers to be published in all notices and forms and requires a toll-free fax and telephone number to be established within the Office of Taxpayers' Ombudsman.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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SOURCES OF INFORMATION

Department of Revenue
Missouri Tax Commission

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is stylized with a large initial "J" and a cursive "Jarrett".

Jeanne Jarrett, CPA
Director
February 4, 2000